

Message Text

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PAGE 01 THE HA 04232 220849Z

10

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 /107 W

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P R 220803Z AUG 75

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC PRIORITY 6522

INFO AMEMBASSY BRUSSELS

AMEMBASSY LUXEMBOURG

UNCLAS THE HAGUE 4232

E.O. 11652: N/A

TAGS: EFIN, EIND, EINV, NL

SUBJECT: FOREIGN INVESTMENT CLIMATE AND STATISTICS-
NETHERLANDS

REF: STATE 165596, 197406

1. INVESTMENT CLIMATE:

A. FOREIGN INVESTMENT IS ATTRACTED TO THE NETHERLANDS BECAUSE THE COUNTRY IS IDEALLY LOCATED FOR EXPLOITING MAJOR MARKETS, PROVIDES EXCELLENT TRANSPORTATION, FINANCIAL, AND TECHNICAL SERVICES; HAS A LONG TRADITION OF UNRESTRIANED AND VERY SIZEABLE TRADE AND CAPITAL FLOWS, AND HAS A PRODUCTIVE, DISCIPLINED, AND HIGHLY SKILLED LABOR FORCE.

B. AMERICAN INVESTMENT HAS LONG BEEN WELCOMED AND US FIRMS OPERATE FREELY UNDER SUBSTANTIALLY THE SAME RULES AS DUTCH FIRMS. TO ENCOURAGE INDUSTRIAL INVESTMENT IN THE RELATIVELY LESS-DEVELOPED AREAS OF THE COUNTRY, BOTH DUTCH AND AMERICAN FIRMS EQUALLY ENJOY SUCH INCENTIVES AS SPECIAL GRANTS, LONG-TERM CREDITS, INTEREST SUBSIDIES, AND ACCELE-
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PAGE 02 THE HA 04232 220849Z

RATED DEPRECIATION ALLOWANCES. IN ADDITION, SPECIAL INCOME

TAX TREATMENT FOR FOREIGN EMPLOYEES AND INDEFINITE TAX CARRYOVERS OF EARLY-YEAR LOSSES ARE AVAILABLE NATIONWIDE. U.S. FIRMS EXPORTING FROM HOLLAND ARE FULLY ELIGIBLE FOR LIMITED EXISTING GOVERNMENTAL SUPPORTS FOR EXPORTS IN THE FORM OF CREDIT AND INSURANCE GUARANTEES AND TAX CONCESSIONS. MERGERS AND TAKEOVERS ARE NOT OFFICIALLY CONTROLLED AND FORMALITIES ARE MINIMAL. THERE ARE NO OFFICIAL RESTRICTIONS ON GOVERNMENT PROCUREMENT FROM FOREIGN FIRMS. U.S. INVESTORS ALSO BENEFIT FROM U.S. TREATIES WITH THE NETHERLANDS ON FRIENDSHIP, COMMERCE AND NAVIGATION AS WELL AS DOUBLE TAXATION.

C. IN APPROVING NEW PROJECTS, THE DUTCH AUTHORITIES HAVE BEGUN TO GIVE INCREASING ATTENTION TO PROVISION FOR ENVIRONMENTAL CONTROLS AND SAFEGUARDS.

D. THE INTERNATIONAL ECONOMIC RECESSION, WHICH BEGAN TO HAVE A MAJOR IMPACT ON THE DUTCH ECONOMY THIS YEAR IN THE FORM OF RISING UNEMPLOYMENT, REDUCED BUSINESS EARNINGS AND SUBSTANTIAL CUTBACKS IN PRODUCTION, HAS CAUSED A SLOWDOWN IN NEW INVESTMENT AND SOME REASSESSMENT OF THE VIABILITY OF CERTAIN DISTRESSED INDUSTRIES. WHILE THE GOVERNMENT HAS RESORTED TO INCOME SUBSIDIES, TAX CONCESSIONS, AND SPECIAL SPENDING PROGRAMS FINANCED THROUGH HEAVY BUDGET DEFICITS, THE BEGINNING OF AN ECONOMIC UPTURN IS NOT EXPECTED UNTIL LATER IN THE YEAR.

2. INVESTMENT STATISTICS:

A. U.S. AND DUTCH DIRECT INVESTMENT FIGURES ARE PUBLISHED IN THE SURVEY OF CURRENT BUSINESS.

B. THE NETHERLAND CENTRAL BANK AND THE MINISTRY OF FINANCE DO NOT MAINTAIN FOREIGN INVESTMENT FIGURES ON THE BASIS OF BOOK VALUE BUT HAVE PROVIDED THE FOLLOWING DATA REFLECTING NET DIRECT INFLOWS INTO THE NETHERLANDS OF INVESTMENT DURING 1974 IN MILLIONS OF GUILDERS:

TOTAL---2,579
OF WHICH:
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PAGE 03 THE HA 04232 220849Z

UNITED KINGDOM--994

FEDERAL REPUBLIC OF GERMANY--191

FRANCE--124

UNITED STATES--112.
BROWN

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Disposition History: n/a
Disposition Reason:
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